REASSESSING THE STRUCTURE OF DEPENDENCY THEORY

Neo Michel Tchoumi

Research Scholars Program, Harvard Student Agencies, In collaboration with Learn with Leaders

ABSTRACT

Dependency theory is an economic model that describes how poorer countries rely on richer countries for development. It focuses on the relationship between periphery countries and center countries within the global economy. At times, dependency theory can be overly broad, and its structure could be changed for the better. A good start at this is a structure that Allen Sens describes. It uses four classifications instead of three, which helps better describe the relationships between countries. A review of three periphery countries (Nigeria, Haiti, and Qatar) helps us understand the realities of dependency theory. These periphery countries' dependency has been assessed in three ways: colonialism and imperialism, debt and political dependency or aid, and technology or industry.

KEYWORDS: Development, Core-periphery, Dependency Theory, Underdevelopment, Economies

INTRODUCTION

Dependency theory is a social concept that explains the lack of development that plagues certain countries. It originated in Latin America in the sixties; it then expanded to North America, Europe, and Africa. Regardless of its age, Dependency Theory is relevant today; it answers the cause of underdevelopment and how to solve it. As noted in *Dependency Theory Made Simple* (*the Geography Teacher*, 2023), "According to this theory, poorer countries are kept in a state of underdevelopment and dependency because they are forced to rely on richer countries for resources and markets." This cycle is sustained by the regular prioritization of the wants of rich nations and multinational corporations over those of less wealthy countries. Despite all this, dependency theory is occasionally unnecessarily general, and its framework should be ameliorated. To improve the breakdown of dependency theory, a system with five classifications provides an accurate description of each country and should be the norm in all debates on dependency theory. In other words, each country could fit perfectly into its respective classification. That is why the classifications of center-center (CC), periphery-center (PC), center-periphery (CP), middle-periphery (MP), and far-periphery (FP) would be effective.

LITERATURE REVIEW

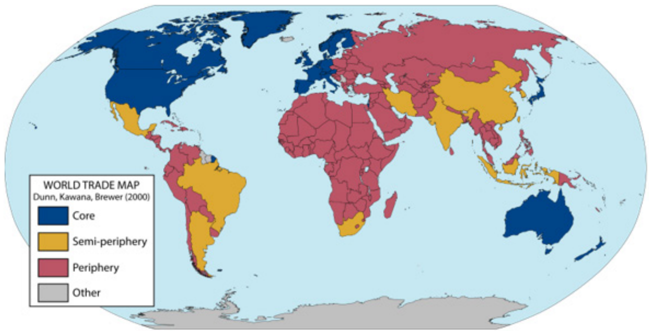
Commonly Used Classifications

According to most sources, the standard for discussing dependency theory uses three categories of countries: core countries, semi-peripheral countries, and peripheral countries. The first category is core countries, which are the most wealthy, powerful, and advanced countries in the world economy. Their economies are very developed, with high levels of industrialization. They are also the most productive countries in industries such as finance, technology, and communications. Core countries utilize peripheral and semi-peripheral countries for raw materials and cheap labor. They always reap the greatest benefits from development theory.

The next category of countries is semi-peripheral countries. They possess some industrialization and development but are not as advanced or dominant as the core countries. Semi-peripheral countries have characteristics of core countries and peripheral countries, as they are exploited by peripheral countries and exploit core countries. A very common exchange for semi-periphery countries is buying natural resources from peripheral countries and selling complete products to core countries.

Peripheral countries often get exploited by core and semi-peripheral countries, who buy their raw materials for cheap and sell them as finished goods at high prices. A.R. Dweep Buch (2014) tells us that "the periphery countries (sometimes referred to as just the periphery) are those that are less developed than the semi-periphery and core countries. These countries usually receive a disproportionately small share of global wealth." Periphery countries are frequently exploited by core and semi-peripheral countries, which purchase their raw materials for cheap and sell them as finished goods at high prices.

This structure of development theory is right, but it neglects numerous unique countries on the periphery. Allen Sens of the University of British Columbia, on the other hand, describes dependency theory as having four classifications (see Figure 1 below): center-center countries (CC), periphery-center countries (PC), center-periphery countries (CP), and periphery-periphery countries (PP). The CC and PC countries are essentially the same as core and semi-peripheral countries, respectively, whereas the CP and PP countries are essentially the periphery countries (with CP being more developed, and PP being least developed).



Source: Allen Sens (2012)

Figure 1: Classification of Countries under Dependency Theory

Improved Classifications

As shown in the previous paragraph, Allen Sens had an incredibly ideal explanation of dependency theory, where its structure was made up of four classifications (CC, PC, CP, PP). However, the structure for dependency theory would ideally have five classifications. It would have two core classifications, CC and PC. And would have three peripheral classifications: center-periphery (CP), middle-periphery (MP), and far-periphery (FP). To determine which ideal classification a peripheral country belongs to, three major instances of dependency will be observed (colonialism and imperialism, debt and aid, and technology or industry).

METHODOLOGY

This research adopts a secondary qualitative methodology to analyze dependency theory's classifications and their application to global economic relationships. The study relies on extensive literature review, drawing insights from scholarly articles, historical data, and case studies. This approach allows for a critical evaluation of the commonly used three-tier classification of core, semi-periphery, and periphery countries and proposes an expanded five-tier model. The analysis focuses on three key indicators—colonialism and imperialism, debt and aid, and technology or industry—to classify countries more precisely. While the methodology provides a robust framework for exploring the subject, it is inherently limited by its reliance on secondary data, which may reflect biases or lack comprehensive real-time insights. Additionally, the proposed classifications, while theoretically sound, require further empirical validation to ensure their applicability across varied economic contexts.

Using the factors of dependency as a framework, suitable countries were identified to exemplify the three periphery classifications. Nigeria, Haiti, and Kuwait were selected based on their distinct dependency characteristics. Their dependency levels were measured, and their positions within global systems were analyzed to provide a nuanced understanding of their roles in the global economic hierarchy.

RESULTS & DISCUSSION

Far-periphery

After researching and reviewing many countries, the following three countries were found to fit well into the CP, MP, and FP classifications. The first is Haiti, which is classified within the peripheral classification as FP or far-periphery. In this classification, FP countries are the poorest and least developed class. Haiti was chosen for this classification since it is one of the poorest countries in the world. Haiti's colonial and imperial history is elaborate, but the more modern occupation of the United States is the most relevant. William Mullen (1915) states that "upon withdrawal of U.S. troops in 1934, Haiti was left with no significant lasting institutions except the Haitian gendarmerie, which furnished the power base for the post-Occupation dictatorships. Haiti remains an unstable country in the twenty-first century, dependent upon foreign aid for survival." This shows how Haiti's colonial and imperial past caused it to be incredibly dependent. Haiti's industry is also abysmal as the poorest country in the Western Hemisphere. In fact, more than half of Haiti's population survives on subsistence agriculture and lives below the poverty line. The informal tertiary sector also accounts for the majority of the Haitian economy. However, the main reason for Haiti's dependence is its debt history. Haiti's public debt stood at $5 billion at the end of fiscal year 2021, accounting for nearly 30% of GDP. The United Nations even allocated more than $13 billion in humanitarian aid to Haiti between 2010 and 2020. However, Haiti's worst debt was the Independence Debt of 1825. From 1825 and beyond for the next century, Haiti paid the French ex-colonizers between $20 and $30 billion in today's dollars. It took Haiti 122 years to pay off its massive debt. All the statistics mentioned above indicate that Haiti belongs to the poorest category of the periphery: the far periphery.

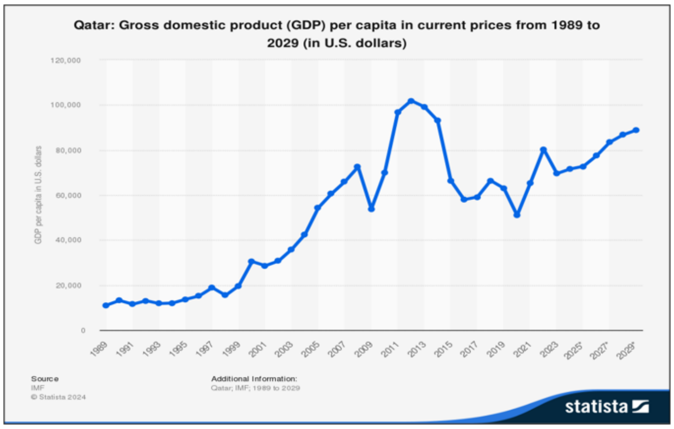
Middle-Periphery

The next classification is middle-periphery, which includes peripheral countries that are more developed than FP but less developed than CP. Nigeria serves as an excellent example of this. Their technology and industry are solid for an MP country, yet their debt, aid, colonialism, and imperialism are what have landed them in the MP category. Nigeria's economy is based solely on crude oil. Manufacturing growth is also slowing, with industrial capacity use remaining at less than 37%. There is also a lack of demand for manufactured goods as the population's purchasing power declines. Nigeria gained its independence from Britain in 1960. That is when the colonial rulers made the decisions that would burden Nigeria for years to come. They subjugated the kingdoms that were merged in 1914 to form Nigeria. British colonial administrators seized the power of the coastal chiefs to begin exploiting natural resources and cheap labor in Nigeria for the British Empire. Lastly, the sector where Nigeria is the most dependent is its debts. Aminu Umaru, Ahmadu Aminu Hamidu, and Salihu Musa's paper, *External Debt and Domestic Debt Impact on the Growth of the Nigerian Economy* (2016), points out that "Nigeria has not been able to avoid debt at all even though it is wealthy with oil." Nigeria's public debt stock in the second quarter of 2023 was $113.42 billion. Compared to the previous quarter, this is a growth rate of 75.27%. All of this evidence points to Nigeria falling into the middle-periphery category.

Center-Periphery

The final classification in this ideal structure is center-periphery

(CP). Simply put, they are the most developed category of peripheral countries; this notably extends to all countries that are not developed or powerful enough to be considered core countries. Qatar is a wonderful example of a CP country. Most sources will tell you that it is a peripheral country, but it has some characteristics that are beginning to resemble those of a center country. Qatar's colonial and imperial history ended with the British withdrawal from its lands in 1971. At the same time, Britain looked to maintain as much influence as possible, although in an informal role, relations between the British and Qatar deteriorated significantly after 1971. This resulted from British economic decline, competition from rivals, and Arab approaches. Qatar's industry and technological advancements are also ahead of most periphery countries. In Qatar, new technologies are revolutionizing traditional industry sectors and the world of work, how organizations function, and particularly where globally they want to locate operations to compete. Companies are focusing their efforts on technologies ranging from "artificial intelligence, robotics, drones, automotive technologies, cyber security, 3D Printing, Blockchain, Virtual reality, the Internet of Things (IoT), data analytics and computing power." (*Emerging Technologies - Qatar Free Zones*, n.d.) Lastly, according to the research (*Qatar Government Debt to GDP*, n.d.), "Qatar recorded a Government Debt to GDP of 43.30 percent of the country's Gross Domestic Product in 2023. Government Debt to GDP in Qatar averaged 40.16 percent of GDP from 1990 until 2023." As you can see, Qatar is an excellent example of a center-periphery country.



Source: Statista (2024)

Figure 2: GDP Per Capita, Qatar

CONCLUSION

To summarize, dependency theory is an economic model that illustrates how the global system forces poorer countries to rely on wealthy countries for development. It highlights the relationship between peripheral and core countries in the global economy. Regardless of this, dependency theory could be improved by making a few changes to its classification. Because dependency theory concerns the entire world, it must include all countries. The five classifications I proposed offers an insightful narrative regarding each country. In other words, each country fits perfectly into its respective classification. That is why my five classifications—center-center (CC), periphery-center (PC), center-periphery (CP), middle-periphery (MP), and far-periphery (FP)—are so effective.

REFERENCES

1. A.R. Dweep Buch. (2014, October 12). Core & periphery theory for planning. Slide Share. https://www.slideshare.net/dweepbuch/core-periphery-theory-for-planning
2. Buchholz, L. (2018). Rethinking the center-periphery model: Dimensions and temporalities of macro-structure in a global field of cultural production. Poetics, 71, 18–32. https://doi.org/10.1016/j.poetic.2018.08.003
3. Dependency Theory. (2024, October 25). Wikipedia; Wikimedia Foundation. https://en.wikipedia.org/wiki/Dependency_theory
4. Dependency theory made simple - The geography teacher. (2023, May 6). Thegeographyteacher.com. https://thegeographyteacher.com/dependency-theory/
5. Emerging Technologies - Qatar Free Zones. (n.d.). Qatar Free Zones. Retrieved November 11, 2024, from https://qfz.gov.qa/industries/emerging-technologies/
6. Farny, E. (2016, November 23). Dependency Theory: A Useful Tool for Analyzing Global Inequalities Today? E-International Relations. https://www.e-ir.info/2016/11/23/dependency-theory-a-useful-tool-for-analyzing-global-inequalities-today/
7. Hassan, A. (n.d.). Introduction to International Relations (SOCI-5101) Week 8: Dependency Theory. Su.edu.pk. Retrieved November 11, 2024, from https://lms.su.edu.pk/lesson/1250/week-8-dependency-theory
8. Labrador, R., & Roy, D. (2024, June 25). Haiti's Troubled Path to Development. Council on Foreign Relations. https://www.cfr.org/backgrounder/haitis-troubled-path-development
9. Lou CobanVladusty, CC0, via Wikimedia Commons
10. Mirkyton, CC0, via Wikimedia Commons
11. M.O Ilori, Adeniyi, A. A., A.A Oyewale, Sanni, S. A., & I.A Irefin. (2002). Developing a manufacturing-based economy in Nigeria through science and technology. Technovation, 22, 1. https://doi.org/10.1016/S0166-4972(00)00054-7
12. Mullen, W. (1915). "THE SHACKLES OF CIVILIZATION" RACE AND AMERICAN IMPERIALISM IN HAITI. In Open Research Oklahoma. https://openresearch.okstate.edu/entities/publication/a88dc9d0-b091-44f8-9329-63bb69f257b4
13. O'Neill, A. (2024, November 8). Qatar - Gross domestic product (GDP) per capita 2026. Statista. https://www.statista.com/statistics/379994/gross-domestic-product-gdp-per-capita-in-qatar/
14. Obisike, E. E., & Adalikwu-Obisike, J. (2019). The Legacy of Imperialism in Nigeria. Core.ac.uk, 15(16). European Scientific Journal.
15. Paul, B. (2012). Technology and Institutions: Theoretical Aspects of Institutional Innovation and its Deficiency in Haiti. SSRN Electronic Journal. https://doi.org/10.2139/ssrn.2375618
16. Public Debt (% of GDP) Archives. (n.d.). FocusEconomics. Retrieved November 11, 2024, from https://www.focus-economics.com/economic-indicator/public-debt/
17. Qatar Government Debt to GDP. (n.d.). Trading Economics. Retrieved November 11, 2024, from https://tradingeconomics.com/qatar/government-debt-to-gdp
18. Rehal, V. (2024, June 3). Dependency Theory of Development - SPUR ECONOMICS. SPUR ECONOMICS - Learn and Excel. https://spureconomics.com/dependency-theory-of-development/
19. Sens, A. (2012, February 27). Dependency Theory. Www.youtube.com. https://www.youtube.com/watch?v=JN6LlMY2ApQ&ab_channel=allensens
20. Smith, S. C. (2022). Imperialism after empire? Britain and Qatar in the aftermath of the withdrawal from East of Suez. Middle Eastern Studies, 58(6), 843–858. https://doi.org/10.1080/00263206.2022.2032674
21. Sonntag, H. R., Post, D., Levy, D., Young, M. C., Shrum, W., & Shi, Z. (2021). Dependency Theory - an Overview | ScienceDirect

Topics. Www.sciencedirect.com. https://www.sciencedirect.com/topics/computer-science/dependency-theory
22. Thinking about Dependency Theory. (2020, April 29). Ben Ranson. https://www.benranson.uk/blog/thinking-about-dependency-theory
23. Umaru, A., Hamidu, A., & Musa, S. (2016). External Debt and Domestic Debt Impact on the Growth of the Nigerian Economy. Educational Research, 1(2), 2306–7063.